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TAGS: [EMIN](#) [EPET](#) [EINV](#) [KNNP](#) [SENV](#) [KRAD](#) [ENRG](#) [MZ](#)

SUBJECT: RESOURCES MINISTER ON URANIUM, EITI, INVESTMENT

Classified By: Charge d'Affaires Todd C. Chapman, Reasons 1.4(b) & (d)

¶1. (C) SUMMARY: The Minister of Mineral Resources Esperanca Bias told the Charge on 11/21 that the GRM isn't interested in participating in the Extractive Industries Transparency Initiative (EITI) since she believes that the laws and oversight mechanisms that the GRM has in place already achieve the same goals as EITI. Bias welcomed rapidly increasing U.S. investment in petroleum exploration, and she asked for USG support and expertise as her ministry develops a regulatory regime for radioactive minerals like uranium. We do not share the Minister's optimism on the strength of the GRM's laws and will continue to press for Mozambican participation in EITI. The Minister's mention of uranium suggests that the GRM believes that radioactive minerals may exist in Mozambique in larger quantities than are currently known, and the Embassy will coordinate closely with Washington agencies to support strong GRM oversight in this area. END SUMMARY.

Welcoming U.S. Investment

¶2. (C) The Charge, pol/econ chief, and econoff paid a courtesy call to the Minister of Mineral Resources, Esperanca Bias on 11/21. The Charge observed that U.S. companies increasingly view Mozambique as an attractive place to invest, especially in natural resources. He noted that Houston-based Anadarko was confident that Northern Mozambique had significant potential for oil and gas, and was quickly ramping up operations in the country. He pointed to St. Louis-based Peabody Energy's potential investment in the Moatize coal region, and other U.S. firms' interest in exploration in gold and other metals. The Minister welcomed these companies, saying that U.S. investment was more sustainable and better for Mozambique than that of some other countries, and noted that she had visited Anadarko facilities in Texas and the Gulf of Mexico twice.

No Interest in EITI

¶3. (C) Given Mozambique's potential in the sector, the Charge urged the Minister to consider Mozambique's participation in EITI, which could help the government manage financial windfalls responsibly while avoiding the problems of corruption that had befallen other resource-rich countries in Africa. The Minister responded that in her opinion, EITI was for countries that were only just now drafting regulatory regimes for minerals and hydrocarbons, and since the laws and oversight mechanisms that the GRM has in place already achieve the same goals as EITI, the initiative was unnecessary for Mozambique.

Help Needed to Control Radioactive Minerals

¶4. (C) When the Charge asked if there were areas in which the USG could be of assistance, the Minister replied that she would be interested in USG technical assistance and training programs for the oversight of radioactive materials, particularly uranium. She indicated that the GRM was drafting a law that would guide the mining operations in this area, including environmental issues, along with subsequent transport and export, and suggested that there was the potential for much growth. The Charge assured her that we would consult with Washington agencies.

COMMENT

¶5. (C) We do not share the Minister's optimism on the strength of the GRM's laws and institutions governing the mining and petroleum sectors and believe that Mozambican participation in EITI would be beneficial. She clearly seemed annoyed by the reference to EITI (&Why isn't the U.S. a member? she asked.), something which the British and Norwegian Ambassadors here have also been discussing with the GRM. The Minister's mention of uranium suggests that the GRM believes that radioactive minerals may exist in Mozambique in larger quantities than are currently known. Embassy welcomes input from Washington agencies on how best to support strong GRM oversight in this area.

Chapman